

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION NO. 2017-13

A RESOLUTION OF THE COUNCIL OF THE CITY OF UNALASKA, AUTHORIZING THE ISSUANCE AND SALE OF HARBOR REVENUE BONDS OF THE CITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$35,000,000, TO FINANCE PORT AND HARBOR IMPROVEMENTS; ESTABLISHING THE TERMS OF THE BONDS; AND AUTHORIZING THE SALE OF THE BONDS.

WHEREAS, the City of Unalaska, Alaska (the "City") is a first-class city and under Section 6.04.020 of its Code of Ordinances and the provisions of the Alaska Municipal Code (AS 29) has the power to issue revenue bonds for capital improvements without seeking voter approval; and

WHEREAS, the City has authorized the issuance of harbor revenue bonds in one or more series pursuant to Resolution No. 2017-16, adopted on February 14, 2017 (the "Master Resolution"); and

WHEREAS, it is necessary and in the best interest of the City and its residents that the City issue and sell one or more series of harbor revenue bonds to finance improvements to marine facilities at the International Port of Dutch Harbor owned and operated by the City (the "Project"); and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to each City Representative authority to determine the maturity amounts, interest rates and other details of the bonds, and to determine other matters that are not provided for in this resolution; and

WHEREAS, the City intends to sell its bonds to the Alaska Municipal Bond Bank (the "Bond Bank"), which will purchase the bonds with the proceeds of an issue of its general obligation bonds; and

WHEREAS, there has been presented to the City the form of a loan agreement between the Bond Bank and the City, which provides for the Bond Bank to purchase the bonds on the terms and conditions set forth therein and in this resolution, and it is in the best interest of the City that the City sell the bonds to the Bond Bank under such terms and conditions;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF UNALASKA, ALASKA:

Section 1. Definitions. Terms used in this Series Resolution that are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition, the following terms shall have the following meanings in this Series Resolution:

"Bond Bank Bonds" means general obligation bonds issued by the Bond Bank after the date of this Series Resolution, all or a part of the proceeds of which are used to purchase the 2017 Bonds.

"City Representative," with respect to the 2017 Bonds, shall mean the City Manager and the Finance Director of the City, each acting in his or her individual capacity.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

"Continuing Disclosure Certificate" means a certificate relating to the 2017 Bonds executed and delivered by the City with respect to compliance with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission, as such certificate may be amended or supplemented from time to time in accordance with its terms.

"Government Obligations" means direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Loan Agreement" means the Loan Agreement between the City and the Bond Bank concerning the 2017 Bonds.

"Tax-Exempt 2017 Bonds" means 2017 Bonds the interest on which, at the time of issuance of such 2017 Bonds, is intended to be excluded from gross income under Section 103 of the Code.

"2017 Bond Fund" means the Harbor Revenue Bond Fund, 2017, established by Section 11.

"2017 Bonds" means the Bonds authorized by this Series Resolution.

"2017 Debt Service Account" means the account of that name created in the 2017 Bond Fund by Section 11(a).

"2017 Reserve Account" means the account of that name created in the 2017 Bond Fund by Section 11(b).

"2017 Reserve Requirement" means, on any date, an amount equal to the least of (1) Maximum Annual Debt Service on the 2017 Bonds then Outstanding; (2) 125 percent of Average Annual Debt Service on the 2017 Bonds then Outstanding; (3) 10 percent of the initial principal amount of the 2017 Bonds; and (4) any lesser amount that is the maximum amount permitted from time to time under the Code, without subjecting such amount to yield restriction, to maintain the exclusion of interest on any Tax-Exempt 2017 Bond from gross income for federal income tax purposes.

"2017 Series Resolution" means this Resolution No. 2017-13, adopted on February 14, 2017.

Section 2. Authorization of 2017 Bonds and Purpose of Issuance. For the purpose of providing part of the funds required to pay the Costs of Construction of the Project, to reimburse the City for any expenditures on such Costs of Construction, to make any required deposit into the 2017 Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2017 Bonds, the City hereby authorizes and determines to issue and sell the 2017 Bonds in one or more series under the Master Resolution in the aggregate principal amount of not to exceed \$35,000,000.

Section 3. Obligation of 2017 Bonds. The 2017 Bonds shall be an obligation only of the 2017 Bond Fund and shall be payable and secured as provided herein and in the Master Resolution. The 2017 Bonds shall not in any manner or to any extent constitute general obligations of the City or the State of Alaska or of any political subdivision of the State of Alaska. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the 2017 Bonds.

Section 4. Description of 2017 Bonds. Each 2017 Bond may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto. Each 2017 Bond shall be issued in the principal amount specified in the Loan Agreement, the aggregate of which shall not exceed \$35,000,000. Each 2017 Bond shall mature on the date specified in the Loan Agreement, which shall not be later than 30 years after the date of initial delivery. Each 2017 Bond shall be dated the date of its initial delivery, shall be in the denomination of \$5,000 or any integral multiple thereof and shall be numbered in such manner and with any additional designation as the Registrar deems necessary for purposes of identification. Subject to Section 2 and this Section, the initial date of delivery, the principal amount, the annual principal payment dates and amounts and the semiannual interest payment dates, the interest rates to be borne by and the tax status of interest on each 2017 Bond shall be determined by the City Representative and set forth in the Loan Agreement, and such determination shall be conclusively evidenced by the execution of the Loan Agreement under Section 15 by the City Representative. Interest on each 2017 Bond shall be computed on the basis of a 360-day year composed of twelve 30-day months.

Section 5. Place and Medium of Payment. Each payment of principal of and interest on each 2017 Bond shall be made in lawful money of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts. For so long as the Bond Bank is the Registered Owner of the 2017 Bonds, payments of principal thereof and interest thereon shall be made by the trustee for the Bond Bank Bonds as provided in the Loan Agreement. In the event that the Bond Bank is no longer the Registered Owner of the 2017 Bonds, payments of principal thereof and interest thereon will be made by check or draft mailed by first-class mail to the Registered Owner at the address for such Registered Owner appearing on the Bond Register on the 15th day of the month preceding the payment date, provided that the final installment of principal of and interest on each 2017 Bond will be payable at the office of the Registrar upon surrender of the 2017 Bond to the Registrar. If any principal installment of a 2017 Bond is not paid when due, the City shall pay interest on such principal installment at the same rate provided therein from and after its due date

until such principal installment is paid in full or provision for payment thereof has been made.

Section 6. Optional Prepayment. The principal installments of the 2017 Bonds, if any, subject to optional prepayment by the City, the date or dates on which such 2017 Bonds are subject to optional prepayment, the terms upon which such 2017 Bonds may be prepaid and the prepayment price or prices for such 2017 Bonds, shall be determined by the City Representative and set forth in the Loan Agreement, and their determination shall be conclusively evidenced by the execution of the Loan Agreement under Section 15 by the City Representative. If fewer than all of the principal installments of the 2017 Bonds are to be prepaid, the principal installments to be prepaid shall be determined by the City. Notice of any such prepayment shall be sent by the City not less than 50 days prior to the date fixed for prepayment by first class mail to the Registered Owner of the 2017 Bond at such Registered Owner's address as it then appears on the Bond Register. Notice of prepayment having been duly given and money for prepayment being held by the City, interest on the principal installments to be prepaid shall cease to accrue on the date fixed for prepayment.

Section 7. Form of 2017 Bond. Each 2017 Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Series Resolution or the Master Resolution:

UNITED STATES OF AMERICA
STATE OF ALASKA
CITY OF UNALASKA

No. _____

\$ _____

HARBOR REVENUE BOND

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Unalaska, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner set forth above, or its registered assigns, the principal amount set forth above in the following installments on _____ 1 of each of the following years, and to pay interest on each such principal installment from the date hereof until paid or provision for payment thereof has been made, payable on _____ 1, 20__ and semiannually thereafter on _____ and _____ 1 of each year, at the following rates per annum:

<u>Year</u>	<u>Principal Installment</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
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For so long as the Alaska Municipal Bond Bank (the "Bond Bank") is the Registered Owner, payments of principal hereof and interest hereon shall be made by the trustee for the Bond Bank Bonds as provided in the loan agreement between the Bond Bank and the City relating to this bond (the "Loan Agreement"). In the event that the Bond Bank is no longer the Registered Owner, payments of principal hereof and interest hereon will be made by check or draft mailed by first class mail to the Registered Owner at the address for such Registered Owner appearing on the Bond Register on the 15th day of the month preceding the payment date, provided that the final installment of principal of and interest on this bond will be payable at the office of the Finance Director of the City (the "Registrar") upon surrender of this bond to the Registrar. Interest on this bond shall be computed on the basis of a 360-day year composed of twelve 30-day months.

This bond is a special obligation of the City and is one of the duly authorized harbor revenue bonds of the City designated "City of Unalaska, Alaska, Harbor Revenue Bonds" (the "Bonds"), issued and to be issued in various series under Resolution No. 2017-16 (the "Master Resolution"), adopted on February 14, 2017, and Resolution No. 2017-13 (the "2017 Series Resolution," and together with the Master Resolution, as it may be amended and supplemented from time to time, the "Resolution,"), adopted on February 14, 2017. As provided in the Master Resolution, the Bonds may be issued from time to time pursuant to Series Resolutions in one or more series, in various principal, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Master Resolution is not limited, and all Bonds issued and to be issued under the Master Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution.

This bond is one of a series of Bonds (as defined in the 2017 Series Resolution, the "2017 Bonds") issued in the aggregate principal amount of \$_____ under the Resolution for the purpose of providing part of the funds required to pay the Costs of Construction of improvements to marine facilities at the International Port of Dutch Harbor owned and operated by the City, to reimburse the City for any expenditures on such Costs of Construction, to make any required deposit into the 2017 Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2017 Bonds.

Reference is made to the Resolution for a description of the rights of the Registered Owner and of the rights and obligations of the City thereunder, to all of the provisions of which Resolution the Registered Owner, by acceptance hereof, assents and agrees.

This bond is subject to prepayment at the option of the City in accordance with the applicable provisions of the Resolution and the applicable provisions of the Loan Agreement.

This bond shall be an obligation only of the 2017 Bond Fund and shall be payable and secured as provided in the Resolution. This bond shall not in any manner or to any extent constitute a general obligation of the City or the State of Alaska or of any political subdivision of the State of Alaska. Neither the faith and credit nor the taxing power of the City is pledged to the payment of this bond.

The City has irrevocably obligated and bound itself to set aside and pay out of Net Revenue into the 2017 Bond Fund, in the amounts and at the times specified in the Resolution, the amount necessary to pay principal or interest coming due on this bond and the 2017 Bonds. The City has irrevocably pledged the amounts to be paid into the 2017 Bond Fund, and the amounts in the 2017 Bond Fund, to the payment of the 2017 Bonds, and the City has declared the amounts so pledged to be a lien on Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for Operating Expenses and except for parity liens that may be made to secure payment of any series of Bonds issued in accordance with the provisions of the Master Resolution.

This bond is transferable as provided in the Resolution, (1) only upon the Bond Register, and (2) upon surrender of this bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered 2017 Bond in the same aggregate unpaid principal amount shall be issued to the transferee in exchange therefor as provided in the Resolution upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or prepayment price, if any, hereof and interest due hereon and for all other purposes whatsoever.

IT IS HEREBY CERTIFIED and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and the ordinances and resolutions of the City of Unalaska, and that all acts, conditions and things required to happen, to be done, and to be performed precedent to and on the issuance of this bond have happened, been done and been performed.

IN WITNESS WHEREOF, THE CITY OF UNALASKA, ALASKA, has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the _____ day of _____, _____.

CITY OF UNALASKA

_____/specimen/
Mayor

ATTEST:

_____/specimen/
City Clerk

[SEAL]

Section 8. Execution. Each 2017 Bond shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the Clerk. The execution of a 2017 Bond on behalf of the City by any person who at the time of the execution is duly authorized to hold the proper office shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2017 Bond or shall not have held office on the date of the 2017 Bond.

Section 9. Registration.

(a) The 2017 Bonds shall be issued only in registered form as to both principal and interest. The City designates the Finance Director of the City as Registrar for the 2017 Bonds. The Registrar shall keep, or cause to be kept, the Bond Register at the office of the City.

(b) The City, in its discretion, may deem and treat the Registered Owner of each 2017 Bond as the absolute owner thereof for all purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary. Each payment made as described in Section 5 shall be valid and shall satisfy and discharge the liability of the City on the 2017 Bond to the extent of the amount or amounts so paid.

(c) The 2017 Bonds may be transferred only upon the Bond Register. Upon surrender for transfer or exchange of a 2017 Bond at the office of the Registrar, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, the City shall execute and the Registrar shall deliver a 2017

Bond of the same series, maturity and interest rate, in equal aggregate principal amount, subject to such reasonable regulations as the Registrar may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. The 2017 Bond surrendered for transfer or exchange shall be canceled by the Registrar.

(d) The City covenants that the City will maintain a system for recording the ownership of the 2017 Bonds that complies with the provisions of Section 149 of the Code.

Section 10. 2017 Bonds Destroyed, Stolen or Lost. Upon filing with the Registrar of evidence satisfactory to the City that a 2017 Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2017 Bond identical in all respects to the 2017 Bond destroyed, stolen or lost. The person requesting the execution and delivery of the new 2017 Bond under this Section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

Section 11. 2017 Bond Fund. A special fund of the City designated the "Harbor Revenue Bond Fund, 2017" is hereby created for the purpose of paying and securing the payment of the 2017 Bonds. The 2017 Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the Registered Owners, from time to time, of the 2017 Bonds. For so long as the Bond Bank is the Registered Owner of any of the 2017 Bonds, the 2017 Bond Fund shall be held by the trustee for the Bond Bank Bonds and applied in accordance with Section 5 and this Section.

(a) 2017 Debt Service Account. The 2017 Debt Service Account is hereby created in the 2017 Bond Fund for the purpose of paying the principal of and interest on the 2017 Bonds. The City hereby irrevocably obligates and binds itself, for as long as the 2017 Bonds remain Outstanding, to set aside and pay into the 2017 Debt Service Account from Net Revenue or money in the Harbor Revenue Fund: (1) approximately equal monthly deposits such that the amount projected to be on deposit on the next interest payment date for payment of interest will be sufficient to pay the interest scheduled to become due on the 2017 Bonds then Outstanding and (2) approximately equal monthly deposits such that the amount projected to be on deposit on the next principal payment date for payment of principal and premium, if any, will be sufficient to pay the principal and premium, if any, scheduled to become due on the 2017 Bonds then Outstanding.

(b) 2017 Reserve Account. The 2017 Reserve Account is hereby created in the 2017 Bond Fund for the purpose of securing the payment of the principal of and interest on the 2017 Bonds. On the date of issuance of the 2017 Bonds, the City shall deposit money in the 2017 Reserve Account equal to the 2017 Reserve Requirement. If a deficiency occurs in the 2017 Debt Service Account, the City shall withdraw or cause to be withdrawn from the 2017 Reserve Account the amount sufficient to make up the

deficiency and transfer or cause to be transferred such amount for deposit in the 2017 Debt Service Account. The City shall make up any deficiency in the 2017 Reserve Account resulting from such a withdrawal within one year out of Net Revenue or out of any other money legally available for such purpose, after providing for the payments required to be made into the 2017 Debt Service Account within such year.

The money in the 2017 Reserve Account shall never be invested at a yield in excess of the yield on the Bond Bank Bonds.

Any amount in the 2017 Reserve Account in excess of the 2017 Reserve Requirement for the 2017 Bonds may be transferred to the 2017 Debt Service Account and used to pay when due the principal of and interest on the 2017 Bonds. Whenever there is a sufficient amount in the 2017 Bond Fund, including the 2017 Reserve Account and the 2017 Debt Service Account, to pay the principal of and interest on all Outstanding 2017 Bonds, the amount in the 2017 Reserve Account may be used to pay such principal and interest, and no further deposits need be made into the 2017 Bond Fund.

(c) Pledge and Lien. The City hereby irrevocably pledges the amounts to be paid into the 2017 Bond Fund, and the amounts in the 2017 Bond Fund, to the payment of the 2017 Bonds, and the amounts so pledged are hereby declared to be a lien on Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for Operating Expenses and except for parity liens that may be created to secure payment of any series of Bonds issued in accordance with the provisions of the Master Resolution.

Section 12. Disposition of the Sale Proceeds of the 2017 Bonds.

(a) Accrued interest on the 2017 Bonds, if any, shall be deposited in the 2017 Debt Service Account and used to pay interest on the 2017 Bonds.

(b) Sale proceeds of the 2017 Bonds in an amount sufficient to make the balance in the 2017 Reserve Account equal to the 2017 Reserve Requirement shall be deposited in the 2017 Reserve Account.

(c) The remaining sale proceeds of the 2017 Bonds shall be used to pay Costs of Construction of the Project, to reimburse the City for any expenditures on such Costs of Construction and to pay all costs incidental thereto and to the issuance of the 2017 Bonds.

Section 13. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the Tax-Exempt 2017 Bonds from gross income for federal income tax purposes. The City covenants that it will make no use of the proceeds of the 2017 Bonds that will cause any Tax-Exempt 2017 Bond to be an "arbitrage bond" subject to federal income taxation by reason of Section 148 of the Code.

Section 14. Defeasance. Payment of all or any principal installments of the 2017 Bonds may be provided for by the irrevocable deposit in trust of cash, noncallable Governmental Obligations or any combination thereof. The cash and the maturing principal and interest income on such Government Obligations, if any, must be sufficient and available without reinvestment to pay when due such principal, whether at maturity or upon fixed prepayment dates, together with interest thereon. The cash and Government Obligations shall be held irrevocably in trust for the Registered Owner of the 2017 Bonds solely for the purpose of paying such principal and interest as the same shall mature or become payable upon prepayment, and, if applicable, upon the giving of notice of prepayment and notification to the Registered Owner that the deposit required by this Section has been made and that such principal is deemed to be paid in accordance with this Series Resolution. Such principal shall no longer be deemed Outstanding hereunder. The obligation of the City in respect of such principal and interest shall nevertheless continue but the Registered Owner shall thereafter be entitled to payment only from the cash and Government Obligations deposited in trust to provide for the payment of such principal and interest.

Section 15. Sale of 2017 Bonds. The 2017 Bonds shall be sold by negotiated sale to the Bond Bank as provided in the Loan Agreement. The preliminary official statement relating to the Bond Bank Bonds in substantially the form filed with this Series Resolution, a final official statement relating to the Bond Bank Bonds in substantially the form of such preliminary official statement and the distribution of each in connection with the sale of the Bond Bank Bonds are approved. Each City Representative is authorized to provide such information for inclusion in such preliminary official statement and final official statement as such City Representative may deem necessary or desirable in connection with the sale of the Bond Bank Bonds. The Loan Agreement in substantially the form filed with this Series Resolution is approved. Each City Representative is authorized to execute and deliver the Loan Agreement in such form, together with such changes not inconsistent herewith as may be approved by the City Representative, and such approval shall be conclusively evidenced by the execution of the Loan Agreement by the City Representative.

Section 16. Authority of Officers. Each City Representative is authorized and directed to do and perform all things and determine all matters not determined by the Master Resolution or this Series Resolution, to the end that the City may carry out its obligations under the 2017 Bonds, the Master Resolution and this Series Resolution, including the execution and delivery of a depositary agreement with the trustee for the Bond Bank Bonds relating to the 2017 Bond Fund. The legal representative of the City is further authorized and directed to prepare and deliver the certificates, letters and opinions required under the Loan Agreement. No recourse shall be had for the payment of the principal of or the interest on the 2017 Bonds or for any claim based thereon or on the Master Resolution or this Series Resolution against any member of the Council or officer of the City or any person executing the 2017 Bonds.

Section 17. Continuing Disclosure Certificate. The Continuing Disclosure Certificate in substantially the form filed with this Series Resolution is approved. Each City Representative is authorized to execute and deliver the Continuing Disclosure

Certificate in such form, together with such changes not inconsistent herewith as may be approved by the City Representative, and such approval shall be conclusively evidenced by the execution of the Continuing Disclosure Certificate by the City Representative.

Section 18. Severability. If any one or more of the covenants or agreements set forth in this Series Resolution to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants or agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in the Master Resolution and this Series Resolution and shall in no way affect the validity of the other provisions of the 2017 Bonds or of the Master Resolution or this Series Resolution.

Section 19. Effective Date. This Series Resolution shall take effect upon passage and adoption.

PASSED AND ADOPTED by a duly constituted quorum of the Council of the City of Unalaska this 14th day of February, 2017.

CITY OF UNALASKA


Frank Kelty, Mayor

ATTEST:


Cat Hazen, City Clerk *Acting City Clerk*

